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Trump's Failures to Secure America's Supply Chains

The COVID-19 pandemic has exposed how President Trump has left America's supply chains for critical products more vulnerable to global disruptions, creating a heightened risk that the U.S. ends up at the back of the line when there are worldwide shortages, or that our competitors cut us off from needed products and inputs.

As President, Joe Biden will put Americans to work rebuilding domestic manufacturing of critical products to ensure that the U.S. and our allies have the capacity and resilience to make what we need for our national security, rather than be dependent on countries like China.

This is the opposite of the approach taken by President Trump. Trump tweets about "America First" but his policies put outsourcing corporations first. For American workers, Trump's policies have led to more offshoring, a U.S. manufacturing recession, and vulnerable U.S. supply chains. This is especially true with pharmaceutical imports, which have [jumped](#) nearly 40% under Trump from \$92 billion in 2016 to \$127.6 billion in 2019, despite warnings from even his GOP allies about dangerous U.S. medical supply chain vulnerabilities. In the middle of the COVID-19 pandemic Trump bought ventilators [made by a subsidiary of a sanctioned Russian company](#) that turned out to [not even be safe](#) enough for use in the United States.

The Trump Administration has:

- **Ignored warnings last year from experts that the gaps in U.S medical supply chain left America vulnerable:**

-Ignored requests from a bipartisan group in Congress to assess national security risk in the supply chain. A bipartisan group of Senators including Senators Warren, Romney, Cotton, and Kaine called on the Department of Defense to determine the extent of the country's dependency on foreign entities for drugs, active pharmaceutical ingredients (API), and pharmaceutical components," due to concerns of excessive dependence from a single source—China.

-Ignored his own congressional allies warning of the risks: Even Trump's own Republican allies in Congress warned of the risks, with one [GOP report](#) calling the U.S.-China trade relationship in medical technology "short-term opportunities for American businesses and long-term vulnerabilities for the American public."

-Ignored recent Chinese threats to use supply chains as leverage. When a Chinese academic suggested to a major Chinese political conference in 2019 that China could use its control of medical supply chains as leverage, [Trump](#) essentially did nothing.

-The Trump Administration ignored these risks, even as it was forewarned of a possible pandemic and as the pandemic spread in the U.S. President Trump and the Trump Administration dismantled the NSC pandemic unit and substantially cut funds to CDC in 2018, downplayed health risks through the early months of the pandemic, refused to build up a stock of PPE and other necessary medical equipment, and

delayed using tools like the Defense Production Act to ramp up U.S. manufacturing of needed equipment.¹

- **Actively promoted the sale of U.S. medical supplies to China as coronavirus spread here at home.** In early 2020, the Trump Administration actually encouraged U.S. companies to [send personal protective equipment to China](#) rather than securing supplies for U.S. needs.
- **Pursued tax policies that actually create incentives for companies to lay off American workers and move production overseas.** Trump’s 2017 tax bill rewards companies for moving jobs and productions abroad. The heart of the problem is the design of a provision known as the Global Intangible Low Taxed Income (GILTI), which allows companies to lower their tax bill if they move “tangible” assets—like factories—outside U.S. borders. This backwards provision, coupled with a too-low rate for overseas income and lenient rules for tax havens, means that corporations actually pay less in taxes if they move operations abroad. As a group of tax experts warned when Congress passed the law, this hugely preferential treatment of overseas profits encourages U.S. companies to move manufacturing and production outside the United States. These tax incentives for offshoring have proven particularly attractive for high-value sectors such as pharmaceuticals, with a May 2020 [research document](#) finding that there has “been a particularly rapid increase in pharmaceutical imports and the pharmaceutical trade deficit in the last two years—after the [2017] Tax Cuts and Jobs Act.”
- **Doubled the rate of Federal contractors offshoring jobs:** While Trump Administration officials go on television and talk about using “Buy American” provisions to rebuild American supply chains, the Trump Administration has [failed to use federal contracting authorities](#) to prevent offshoring. In fact, **during the first 18 months of the Trump Administration, the annual rate of offshoring by federal contractors more than doubled.** As recently as July 2019, Trump held a “Pledge to America’s Workers” event at the White House to honor the nearly 300 companies that had signed the pledge. But Trump [failed to honor this pledge](#) to our workers, as the companies that signed the pledge offshored at least 7,000 jobs during this administration.

Joe Biden will bring back U.S. supply chains, put Americans to work, and strive to ensure Americans don’t have to depend on foreign imports for lifesaving products and products critical to our national security: As President, Joe Biden will reverse Trump’s disastrous policies, rebuild manufacturing in the U.S., ensure that our corporations put Americans to work making the vital supplies and equipment our country needs, and secure critical U.S. supply chains for times of crisis such as the one we are facing now.

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